

**UNITED STATES BANKRUPTCY COURT**  
**DISTRICT OF DELAWARE**

**In re: Proteus Digital Health, Inc.**

**Case No. 20-11580**

**Reporting Period: June 15, 2020 - June 30, 2020**

**MONTHLY OPERATING REPORT**

<b>REQUIRED DOCUMENTS</b>	<b>Form No.</b>	<b>Document Attached</b>	<b>Explanation Attached</b>
Schedule of Cash Receipts and Disbursements	MOR-1	X	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a	X	
Schedule of Professional Fees Paid	MOR-1b	X	
Copies of bank statements		X	
Cash disbursements journals			X
Statement of Operations	MOR-2	X	
Balance Sheet	MOR-3	X	
Status of Postpetition Taxes	MOR-4	X	
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Summary of Unpaid Postpetition Debts	MOR-4	X	
Accounts Receivable Reconciliation and Aging	MOR-5	X	
Debtor Questionnaire	MOR-5	X	

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

/s/ Lawrence R. Perkins

July 20, 2020

Signature of Authorized Individual

Date

Lawrence R. Perkins

Interim Chief Executive Officer

Printed Name of Authorized Individual

Title of Authorized Individual

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Debtor**

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**MONTHLY OPERATING REPORT**

On June 15, 2020 (the “Petition Date”), Proteus Digital Health, Inc. (the “Debtor”) filed a voluntary petition with the United States Bankruptcy Court for the District of Delaware.

The accompanying schedules MOR-1 through MOR-5 are unaudited, preliminary, and may not comply with generally accepted accounting principles in the United States of America (“U.S. GAAP”) in all material respects.

The Monthly Operating Report is limited in scope, covers a limited time period, and has been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court and the United States Trustee. The unaudited financial statements have been derived from the books and records of the Debtor. The information presented herein has not been subjected to all procedures that would typically be applied to financial information presented in accordance with U.S. GAAP. Upon the application of such procedures, the financial information could be subject to changes, and these changes could be material. The information furnished in this Monthly Operating Report includes normal recurring adjustments, but does not include all of the adjustments that would typically be made for interim financial statements in accordance with U.S. GAAP.

Given the complexity of the Debtor’s business, inadvertent errors, omissions or over inclusions may have occurred. Accordingly, the Debtor hereby reserves all of its rights to dispute the validity, status, enforceability, or executory nature of any claim amount, representation or other statement in this Monthly Operating Report and reserves the right to amend or supplement this Monthly Operating Report, if necessary, but shall be under no obligation to do so.

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### SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS

	BANK ACCOUNTS				CURRENT MONTH		CUMULATIVE FILING TO DATE	
	OPER.	PAYROLL	TAX	OTHER	ACTUAL	PROJECTED	ACTUAL	PROJECTED
CASH BEGINNING OF MONTH	7306				7306	7306	7306	7306
<b>RECEIPTS</b>								
CASH SALES					0	40	0	40
ACCOUNTS RECEIVABLE					0	0	0	0
LOANS AND ADVANCES					0	0	0	0
SALE OF ASSETS					0	0	0	0
OTHER (ATTACH LIST)	927				927	914	927	914
TRANSFERS (FROM DIP ACCTS)				669	669	669	669	669
					0	0	0	0
<b>TOTAL RECEIPTS</b>	927	0	0	669	1596	1623	1596	1623
<b>DISBURSEMENTS</b>								
NET PAYROLL	0				0			
PAYROLL TAXES					0		0	0
SALES, USE, & OTHER TAXES					0		0	0
INVENTORY PURCHASES					0		0	0
SECURED/ RENTAL/ LEASES					0		0	0
INSURANCE	8.4				8.4	5	8.4	5
ADMINISTRATIVE	110.8				110.8	218	110.8	218
SELLING					0		0	0
OTHER (ATTACH LIST)					0		0	0
					0		0	0
OWNER DRAW *					0		0	0
TRANSFERS (TO DIP ACCTS)	669				669	669	669	669
					0		0	0
PROFESSIONAL FEES	25				25		25	0
U.S. TRUSTEE QUARTERLY FEES					0		0	0
COURT COSTS					0		0	0
<b>TOTAL DISBURSEMENTS</b>	813.2	0	0	0	813.2	892	813.2	892
NET CASH FLOW	113.8	0	0	669	782.8	731	782.8	731
(RECEIPTS LESS DISBURSEMENTS)					0		0	0
<b>CASH - END OF MONTH</b>	7419.8	0	0	669	8088.8	8037	8088.8	8037

\* COMPENSATION TO SOLE PROPRIETORS FOR SERVICES RENDERED TO BANKRUPTCY ESTATE

### THE FOLLOWING SECTION MUST BE COMPLETED

DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES: (FROM CURRENT MONTH ACTUAL COLUMN)	
<b>TOTAL DISBURSEMENTS *</b>	813.2
LESS: TRANSFERS TO DEBTOR IN POSSESSION ACCOUNTS	669
PLUS: ESTATE DISBURSEMENTS MADE BY OUTSIDE SOURCES (i.e. from escrow accounts)	\$
<b>TOTAL DISBURSEMENTS FOR CALCULATING U.S. TRUSTEE QUARTERLY FEES</b>	144.2

\*The Debtor will provide a schedule of cash disbursements to the Office of the United States Trustee upon request.

(US\$ in thousands)

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**BANK RECONCILIATIONS**  
**Continuation Sheet for MOR-1**

	Operating	Payroll		Tax		Other	
	#5657	#	#	#	#	#5564	#9460
<b>BALANCE PER BOOKS</b>	7419.8					39.2	630
<b>BANK BALANCE</b>	7419.8					39.2	630
(+) DEPOSITS IN TRANSIT (ATTACH LIST)							
(-) OUTSTANDING CHECKS (ATTACH LIST)							
OTHER (ATTACH EXPLANATION)							
<b>ADJUSTED BANK BALANCE *</b>	7419.8	0	0	0	0	39.2	630
* Adjusted bank balance must equal balance per books							
<b>DEPOSITS IN TRANSIT</b>	Date	Amount	Date	Amount	Date	Amount	Date
<b>CHECKS OUTSTANDING</b>	Ck. #	Amount	Ch. #	Amount	Ck. #	Amount	Ck. #
<b>OTHER</b>							

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## **SCHEDULE OF PROFESSIONAL FEES AND EXPENSES PAID**

This schedule is to include all retained professional payments from case inception to current month.

**In re: Proteus Digital Health, Inc.**  
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**STATEMENT OF OPERATIONS**  
 (Income Statement)

	<b>Month</b>	<b>Cumulative Filing to Date</b>
<b>REVENUES</b>		
Gross Revenues	0	0
Less: Returns and Allowances		0
Net Revenue	0	0
<b>COST OF GOODS SOLD</b>		
Beginning Inventory	2,157,804	2,157,804
Add: Purchases		0
Add: Cost of Labor		0
Add: Other Costs (attach schedule)		0
Less: Ending Inventory	2,157,804	2,157,804
Cost of Goods Sold	0	0
Gross Profit	0	0
<b>OPERATING EXPENSES</b>		
Advertising		0
Auto and Truck Expense		0
Bad Debts		0
Contributions		0
Employee Benefits Programs	88,575	88,575
Insider Compensation*	37,500	37,500
Insurance	27,469	27,469
Management Fees/Bonuses	272,860	272,860
Office Expense	2,106	2,106
Pension & Profit-Sharing Plans		0
Repairs and Maintenance	11,953	11,953
Rent and Lease Expense	363,047	363,047
Salaries/Commissions/Fees	616,260	616,260
Supplies	4,455	4,455
Taxes - Payroll	36,247	36,247
Taxes - Real Estate		0
Taxes - Other		0
Travel and Entertainment		0
Utilities	35,106	35,106
Other (attach schedule)	184,208	184,208
Total Operating Expenses Before Depreciation	1,679,787	1,679,787
Depreciation/Depletion/Amortization	128,348	128,348
Net Profit (Loss) Before Other Income & Expenses	(1,808,135)	(1,808,135)
<b>OTHER INCOME AND EXPENSES</b>		
Other Income (attach schedule)	927,000	927,000
Interest Expense	83,000	83,000
Other Expense (attach schedule)		0
Net Profit (Loss) Before Reorganization Items	(964,135)	(964,135)
<b>REORGANIZATION ITEMS</b>		
Professional Fees		0
U. S. Trustee Quarterly Fees		0
Interest Earned on Accumulated Cash from Chapter 11 (see continuation sheet)		0
Gain (Loss) from Sale of Equipment		0
Other Reorganization Expenses (attach schedule)		0
Total Reorganization Expenses		0
Income Taxes		0
Net Profit (Loss)	(964,135)	(964,135)

\*\*"Insider" is defined in 11 U.S.C. Section 101(31).

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## **STATEMENT OF OPERATIONS - continuation sheet**

In re: Proteus Digital Health, Inc.  
Debtor

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### BALANCE SHEET

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
<b>CURRENT ASSETS</b>		
Unrestricted Cash and Equivalents	7,419,851	7,419,851
Restricted Cash and Cash Equivalents (see continuation sheet)*	669,231	669,231
Accounts Receivable (Net)	0	0
Notes Receivable	0	0
Inventories	2,157,804	2,157,804
Prepaid Expenses	2,741,386	2,741,386
Professional Retainers	206,922	206,922
Other Current Assets (attach schedule)	0	0
<b>TOTAL CURRENT ASSETS</b>	<b>13,195,194</b>	<b>13,195,194</b>
<b>PROPERTY AND EQUIPMENT</b>		
Real Property and Improvements	0	0
Machinery and Equipment	33,307,430	33,307,430
Furniture, Fixtures and Office Equipment	1,316,944	1,316,944
Leasehold Improvements	8,125,108	8,125,108
Vehicles	0	0
Less Accumulated Depreciation	-34,920,547	-34,920,547
<b>TOTAL PROPERTY &amp; EQUIPMENT</b>	<b>7,828,934</b>	<b>7,828,934</b>
<b>OTHER ASSETS</b>		
Loans to Insiders**	0	0
Other Assets (attach schedule)	1,985,578	1,985,578
<b>TOTAL OTHER ASSETS</b>	<b>1,985,578</b>	<b>1,985,578</b>
<b>TOTAL ASSETS</b>	<b>\$23,009,707</b>	<b>\$23,009,707</b>
 <b>LIABILITIES AND OWNER EQUITY</b>		
<b>LIABILITIES NOT SUBJECT TO COMPROMISE (Postpetition)</b>		
Accounts Payable	0	0
Taxes Payable (refer to FORM MOR-4)	0	0
Wages Payable	2,334,328	2,334,328
Notes Payable	0	0
Rent / Leases - Building/Equipment	0	0
Secured Debt / Adequate Protection Payments	0	0
Professional Fees	0	0
Amounts Due to Insiders**	0	0
Other Postpetition Liabilities (attach schedule)	0	0
<b>TOTAL POSTPETITION LIABILITIES</b>	<b>2,334,328</b>	<b>2,334,328</b>
<b>LIABILITIES SUBJECT TO COMPROMISE (Pre-Petition)</b>		
Secured Debt	9,443,818	9,443,818
Priority Debt	625,234	625,234
Unsecured Debt	6,575,590	6,575,590
<b>TOTAL PRE-PETITION LIABILITIES</b>	<b>16,644,642</b>	<b>16,644,642</b>
<b>TOTAL LIABILITIES</b>	<b>18,978,969</b>	<b>18,978,969</b>
<b>OWNER EQUITY</b>		
Capital Stock	483,638,200	483,638,200
Additional Paid-In Capital	35,971,107	35,971,107
Partners' Capital Account	0	0
Owner's Equity Account	0	0
Retained Earnings - Pre-Petition	(514,417,315)	(514,417,315)
Retained Earnings - Postpetition	(964,135)	(964,135)
Adjustments to Owner Equity (attach schedule)	0	0
Postpetition Contributions (Distributions) (Draws) (attach schedule)	0	0
<b>NET OWNER EQUITY</b>	<b>4,227,858</b>	<b>4,227,858</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>\$23,206,827</b>	<b>\$23,206,827</b>

\*Professional Fee Trust Account and Utility Account

\*\*"Insider" is defined in 11 U.S.C. Section 101(31).

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**BALANCE SHEET - continuation sheet**

ASSETS	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Current Assets		
Other Assets		
Redwood City Space Security Deposit	1,784,765.44	
Hayward Space Security Deposits	141,382.79	
Hayward PG&E deposit	59,430.00	
LIABILITIES AND OWNER EQUITY	BOOK VALUE AT END OF CURRENT REPORTING MONTH	BOOK VALUE ON PETITION DATE
Other Postpetition Liabilities		
Adjustments to Owner Equity		
Postpetition Contributions (Distributions) (Draws)		

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### STATUS OF POSTPETITION TAXES

	Beginning Tax Liability	Amount Withheld or Accrued	Amount Paid	Date Paid	Check No. or EFT	Ending Tax Liability
<b>Federal</b>						
Withholding						
FICA-Employee						
FICA-Employer						
Unemployment						
Income						
Other:						
<b>Total Federal Taxes</b>						
<b>State and Local</b>						
Withholding						
Sales						
Excise						
Unemployment						
Real Property						
Personal Property						
Other:						
<b>Total State and Local</b>						
<b>Total Taxes</b>						

### SUMMARY OF UNPAID POSTPETITION DEBTS

	Current	Number of Days Past Due				
		0-30	31-60	61-90	Over 90	Total
Accounts Payable						
Wages Payable	2,334,328					
Taxes Payable						
Rent/Leases-Building						
Rent/Leases-Equipment						
Secured Debt/Adequate Protection Payments						
Professional Fees						
Amounts Due to Insiders*						
Other:						
Other:						
<b>Total Postpetition Debts</b>	<b>2,334,328</b>					

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### ACCOUNTS RECEIVABLE RECONCILIATION AND AGING

<b>Accounts Receivable Reconciliation</b>	<b>Amount</b>
Total Accounts Receivable at the beginning of the reporting period	0
+ Amounts billed during the period	\$927,000
- Amounts collected during the period	\$927,000
Total Accounts Receivable at the end of the reporting period	0

  

<b>Accounts Receivable Aging</b>	<b>Amount</b>
0 - 30 days old	0
31 - 60 days old	0
61 - 90 days old	0
91+ days old	0
Total Accounts Receivable	0
Amount considered uncollectible (Bad Debt)	0
Accounts Receivable (Net)	0

### DEBTOR QUESTIONNAIRE

<b>Must be completed each month</b>	<b>Yes</b>	<b>No</b>
1. Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide an explanation below.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Have any funds been disbursed from any account other than a debtor in possession account this reporting period? If yes, provide an explanation below.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Have all postpetition tax returns been timely filed? If no, provide an explanation below.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened account(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	<input checked="" type="checkbox"/>	<input type="checkbox"/>

# Silicon Valley Bank

A Member of SVB Financial Group

## Account Details

Requested Date: From: 06/30/2020 To: 06/30/2020  
 Generated On: 07/01/2020

### Deposit Account

As of 06/30/2020

Account: [REDACTED] 5657-Proteus Digital Health, Inc. - DEBTOR-IN-POSSESSION

#### Account Summary

	Amount
Opening Ledger Balance	\$ 7,419,935.50
Opening Available Balance	\$ 7,419,935.50
Total Debits ( 1 )	\$ 86.31
Total Credits ( 1 )	\$ 2.05
1 Day Float	\$ 0.00
2 or More Days Float	\$ 0.00
Closing Ledger Balance	\$ 7,419,851.24
Closing Available Balance	\$ 7,419,851.24

#### Detail Credit Transactions

Date	Transaction Description	Bank Ref#	Cust Ref#	Amount
06/30/2020	INT TRANSFER FROM [REDACTED] 2836	1	0	\$ 2.05

#### Detail Debit Transactions

Date	Transaction Description	Bank Ref#	Cust Ref#	Amount
06/30/2020	MBI SETL MED-I-BANK MED-I-BANK	70760	0	\$ 86.31

## Transactions - All transactions -- CSV Statement Equivalent

Requested Date: From: 06/16/2020 To: 06/30/2020  
Generated On: 07/01/2020 07:31:55 PT

Account: [REDACTED] 5564 - Proteus Digital Health

Transaction Date

Inc. - UTILITY	Account Summary	Amount
6/22/2020 Opening Ledger:		0
Total Credits:		39,230.77
Total Debits:		0
6/30/2020 Closing Ledger:		39,230.77

## Detail Credit Transactions

Transaction Date

Description	Amount	Bank Ref#	Customer Ref. #	Text
6/23/2020 BOOK TRANSFER CREDIT	39,230.77	8962511		0 Per A. Fanse 6-23-20 Fund acct FROM ACCOUNT [REDACTED] 5657